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Biodiesel producer looking to expand

BY GREG PAETH | POST STAFF REPORTER

For more than six years, Northern Kentucky-based Griffin Industries has been a pioneer in the production of biodiesel fuel at its plant in Butler.

With soaring crude oil prices creating record prices at the pump, the relatively tiny biodiesel operation is running 24 hours a day, seven days a week to crank out 2 million gallons of fuel annually as an alternative to petroleum-based fuels that keep the U.S. dependent on the Middle East.

But Griffin's 2 million gallons are just a thimble-full compared to an annual demand of somewhere around 40 billion gallons in the U.S.

ADVERTISEMENT Strong demand and strong prices are two of the reasons why Griffin wants to build two new refineries.

One of the few unresolved questions for Griffin Industries as it ponders investing another \$100 million in production is whether there might be some alternative uses for alternative fuel plants.

Dennis Griffin, chairman emeritus of a 63-year-old family-owned business headquartered in Cold Spring, said he and other top executives of the company are trying to determine whether there might be another way to use the production facilities if the demand for biodiesel plummets.

Griffin doesn't believe that will happen, but said that the company wants to have a backup plan in place before it decides to invest \$40 million to \$50 million for each of two plants that it intends to build.

"We could take the risk," Griffin said. "But we don't know long-term what we would do with the plants if we don't make biodiesel."

Each of the plants would be able to produce 40 to 50 million gallons per year, Griffin said.

"We would be able to produce at a lower cost. With the higher refining capacity, the incremental costs go down dramatically," said Griffin, whose company has annual revenues of more than \$400 million.

Costs to consumers vary, sometimes selling for less than the cost of petroleum-based diesel, sometimes for more, Griffin said.

Another decision yet to be made is where the plants would be built.

Still under consideration is a site somewhere in Northern Kentucky and a second location that could be as distant as the Gulf Coast.

As is the case with virtually everything else that consumers buy, it takes fuel to transport biodiesel to its markets so the plant must be located near raw materials and customers.

Griffin Industries operates in about 20 states, where the company picks up animal byproduct wastes, spent cooking oils and scrap bakery material that are then recycled into chemicals, fertilizers, animal feed, pet food and for other industrial uses.

The company's biodiesel fuel includes both recycled materials and farm crops - especially soybean oil - that can be refined into biodiesel fuels, which are wholesaled to oil companies that blend the biodiesel into their diesel fuels.

Some BP and Lykins Oil stations in Greater Cincinnati use Griffin biodiesel in their diesel fuels.

The percentage of biodiesel content can vary from 2 to 100 percent. The higher the biodiesel content, the less harmful emissions emitted from burning the fuel.

The company says, for example, that a 20 percent blend of its Bio G-3000 fuel can decrease hydrocarbon emissions by 30 percent. Many scientists believe hydrocarbon emissions are one of the primary causes of global warming.

Griffin said the demand for biodiesel fuels has been growing among school systems, which are trying to decrease pupils' exposure to petroleum-based emissions.

The company said that when the Butler plant opened in 1999, it was considered the most advanced biodiesel facility in the U.S.

Griffin said the plant also was the first in the country to meet motor vehicle fuel standards that were established by the International ASTM - formerly the American Society for Testing & Materials.

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